



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE June 23, 2004

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on Clinton County, Iowa.

The County has implemented new reporting standards for the year ended June 30, 2003, with significant changes in content and structure of the financial statements. The new financial statements include a Statement of Net Assets and a Statement of Activities which provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Also included is Management's Discussion and Analysis of the County's financial statements.

The County had local tax revenue of \$51,057,252 for the year ended June 30, 2003, which included \$5,287,852 in tax credits from the state. The County forwarded \$41,033,130 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$10,024,122 of the local tax revenue to finance County operations, a 17.8 percent increase from the prior year. Other revenues included charges for service of \$1,906,582, operating grants and contributions of \$8,192,861, capital grants and contributions of \$827,753, local option sales tax of \$1,130,265, interest on investments of \$266,841 and other general revenues of \$172,886.

Expenses for County operations totaled \$22,071,181, and included \$6,082,633 for mental health, \$5,121,467 for public safety and legal services and \$4,603,804 for roads and transportation.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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CLINTON COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2003

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Clinton County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2003)		
Jill Davisson	Board of Supervisors	Jan 2003
Lewis Todtz	Board of Supervisors	Jan 2003
Grant Wilke	Board of Supervisors	Jan 2005
Charles Sheridan	County Auditor	Jan 2005
Rhonda McIntyre	County Treasurer	Jan 2003
Wayne Wilke	County Recorder	Jan 2003
Rick Lincoln	County Sheriff	Jan 2005
Michael Wolf	County Attorney	Jan 2003
Paul Hilmers (Retired 8/15/02) Roland Ehm (Appointed 9/1/02)	County Assessor	Jan 2004
John Moreland	City Assessor	Jan 2004
(After January 2003)		
Grant Wilke	Board of Supervisors	Jan 2005
Jill Davisson	Board of Supervisors	Jan 2007
Lewis Todtz	Board of Supervisors	Jan 2007
Charles Sheridan	County Auditor	Jan 2005
Rhonda McIntyre	County Treasurer	Jan 2007
Stephen Managan	County Recorder	Jan 2007
Rick Lincoln	County Sheriff	Jan 2005
Michael Wolf	County Attorney	Jan 2007
Roland Ehm	County Assessor	Jan 2004
John Moreland	City Assessor	Jan 2004

Clinton County



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Independent Auditor's Report

To the Officials of Clinton County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clinton County, Iowa, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Clinton County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

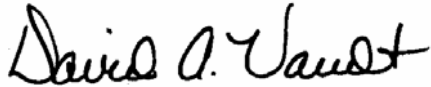
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Clinton County at June 30, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 12 to the financial statements, during the year ended June 30, 2003, Clinton County adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule – Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated January 22, 2004 on our consideration of Clinton County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 12 and 46 through 49 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Clinton County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 22, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of Clinton County provides this Management's Discussion and Analysis of Clinton County's annual financial statements. This narrative overview and analysis of the financial activities of Clinton County is for the fiscal year ended June 30, 2003 (FY03). We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

Because Clinton County is implementing new reporting standards for this fiscal year, with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the County's financial position and results of operations.

2003 FINANCIAL HIGHLIGHTS

- ◆ Governmental fund revenue increased 5%, or \$1,009,146, for the fiscal year (FY) ended June 30, 2003, from \$19,885,775 in FY2001/02 to \$20,894,921 in FY2002/03. Property tax increased \$707,098 and grants and contributions increased \$433,422.
- ◆ Governmental fund expenditures increased 3.6%, or \$826,366, for the fiscal year ended June 30, 2003, from \$22,857,167 in FY2001/02 to \$23,683,533 in FY2002/03.
- ◆ Net assets increased \$450,317 from June 30, 2002 to June 30, 2003.
- ◆ The General Fund balance decreased by \$2,844,012 from June 30, 2002 to June 30, 2003.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Clinton County as a whole and present an overall view of the County's finances.

Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Clinton County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which Clinton County acts solely as an agent or custodian for the benefit of those outside of the government (Agency Funds).

Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor special revenue and permanent funds. In addition, the Schedule of Expenditures of Federal Awards provides details of the various federal programs benefiting the County.

STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental and business type activities are displayed in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, long term debt, capital projects and non-program activities. Property tax and state and federal grants finance most of these activities. Business type activities charge fees to external customers and function similar to private businesses.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about individual, significant funds, not the County as a whole. Some funds are required to be established by Iowa law or by bond covenants. The County can establish other funds to help it control and manage money for particular purposes.

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads and 3) the Permanent Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Health Benefit Trust Fund and the Enterprise, Rock Creek Marina Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required proprietary fund financial statements include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) Fiduciary funds are used to report assets held in trust or agency capacity for others and cannot be used to support the County's own program. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services, the county assessor and the city assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position.

Net Assets of Governmental and Business Type Activities			
	Governmental Activities	Business Type Activities	Total June 30, 2003
Current assets	\$19,772,690	30,263	19,802,953
Capital assets	14,450,259	207,587	14,657,846
Total assets	34,222,949	237,850	34,460,799
Long-term liabilities	456,303	5,930	462,233
Other liabilities	11,343,021	10,349	11,353,370
Total liabilities	11,799,324	16,279	11,815,603
Net assets:			
Invested in capital assets, net of related debt	14,450,259	207,587	14,657,846
Restricted	4,408,762	-	4,408,762
Unrestricted	3,564,604	13,984	3,578,588
Total net assets	\$22,423,625	221,571	22,645,196

Clinton County's total Net Assets increased by \$450,317 from FY02 to FY03. The largest portion of the County's net assets is the Invested in Capital Assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of the net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements - is \$3.6 million.

Changes in Net Assets of Governmental and Business Type Activities			
	Governmental Activities	Business Type Activities	Total Year ended June 30, 2003
Revenues:			
Program revenues:			
Charges for service	\$ 1,795,146	111,436	1,906,582
Operating grants, contributions and restricted interest	8,172,861	20,000	8,172,861
Capital grants, contributions and restricted interest	808,542	19,211	827,753
General revenues:			
Property tax	8,868,041	-	8,868,041
Penalty and interest on property tax	83,473	-	83,473
State tax credits	1,156,081	-	1,156,081
Local option sales and services tax	1,130,265	-	1,130,265
Unrestricted investment earnings	266,841	188	267,029
Loss on sale of capital assets	(71,807)	-	(71,807)
Other general revenues	161,220	-	161,220
Total revenues	<u>22,370,663</u>	<u>150,835</u>	<u>22,521,498</u>
Program expenses:			
Public safety and legal services	5,121,467	-	5,121,467
Physical health and social services	1,328,301	-	1,328,301
Mental health	6,082,633	-	6,082,633
County environment and education	1,209,822	-	1,209,822
Roads and transportation	4,603,804	-	4,603,804
Governmental services to residents	841,205	-	841,205
Administration	2,391,912	-	2,391,912
Non-program	349,948	-	349,948
Rock Creek Marina	-	142,089	142,089
Total expenses	<u>21,929,092</u>	<u>142,089</u>	<u>22,071,181</u>
Increase in net assets	441,571	8,746	450,317
Net assets beginning of year, as restated	<u>21,982,054</u>	<u>212,825</u>	<u>22,194,879</u>
Net assets end of year	<u>\$22,423,625</u>	<u>221,571</u>	<u>22,645,196</u>

Clinton County increased property tax rates \$.59 per \$1,000 of taxable valuation for FY03. Rural taxable property valuation increased \$9,583,716 and countywide taxable property valuation decreased \$13,797,029. Revenues for FY03 from the State of Iowa and the federal government for mental health funding increased by \$374,896 and local option sales and services tax decreased by \$122,850 from FY02.

INDIVIDUAL MAJOR FUND ANALYSIS

As Clinton County completed FY03, its governmental funds reported a combined fund balance of \$7.4 million, which is lower than the \$10.2 million combined fund balance of FY02. The decrease is due in part to the increased cost of public safety and legal services, roads and transportation and the courthouse renovation project.

The General Fund, the operating fund for Clinton County, ended FY03 with a fund balance totaling approximately \$3 million. This was a decrease from FY02's ending fund balance of \$5.8 million. The general supplemental levy rate increased \$.08 in FY03.

Clinton County has continued to look for ways to effectively manage the costs in the Mental Health Fund. FY03 ended with a \$1.2 million fund balance, whereas FY02 ended with a restated fund balance of \$884,816. The levy rate increased \$.51 per \$1,000 of taxable valuation from FY02 to FY03.

The Rural Services Fund ended FY03 with a \$317,647 fund balance compared to the prior year restated ending fund balance of \$287,647. Although the property tax levy for the Rural Services Fund remained the same from FY02 to FY03, the taxable valuation increase of \$9.6 million increased the amount of property tax collected by approximately \$14,942. FY03 revenues exceeded expenditures and transfers out by \$30,000.

The Secondary Roads Fund ended FY03 with a \$2.7 million fund balance compared to the prior year ending fund balance of \$3.1 million. Capital project expenditures from the Secondary Roads Fund in FY03 increased approximately \$154,000 from FY02. Roadway maintenance in FY03 increased \$540,544 from FY02. FY03 total expenditures increased \$694,777 over FY02. Along with the construction of a salt/sand storage shed, the County purchased two motor graders, two single axle dump trucks and an end loader in FY03. Clinton County maintained 787 miles of gravel roads, 4 miles of dirt roads, 207 miles of paved roads and 300 bridges with the resources of this fund. Intergovernmental revenue and local option sales and services tax revenue in FY03 increased \$118,783 over FY02. The first of three equal installments of \$280,333 each was received from the Iowa Department of Transportation for the transfer of jurisdiction of a section of old Highway 61 near DeWitt. These funds will be used for future surface maintenance.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clinton County amended the operating budget twice. The first amendment was made in September 2002 to allow for expenditures of grant funds and to correct budgetary errors. The second amendment was made in November 2002 to allow for additional expenditures associated with the courthouse renovation, workers compensation and additional grant funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2003, Clinton County had approximately \$14.7 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$2.6 million from FY02. Clinton County had depreciation expense of \$587,180 in FY03 and total accumulated depreciation of \$5,207,702 at June 30, 2003. Additional information about the County's capital assets is included in Note 5 to the financial statements.

Debt

Clinton County had long-term liabilities of \$462,233 at the end of FY03. These liabilities included \$433,136 for accrued compensated absences and \$29,097 for outstanding drainage warrants/drainage improvement certificates payable. Additional information about the County's long-term liabilities is included in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Clinton County's elected and appointed officials and citizens considered many factors when setting the FY04 budget and tax rates. In an ongoing effort to maintain County services without raising tax levies, the Clinton County Board of Supervisors is committed to limiting expenditure increases and using excess fund balances to provide services.

Amounts available for appropriation in the FY04 operating budget are approximately \$24 million, a decrease of 5% from the final FY03 budget. Clinton County will spend down fund balances to finance programs currently offered. Wage adjustments for pay plan employees represent the largest portion of increased expenses for FY04. Clinton County has added no major programs to the FY04 budget.

If these estimates are realized, Clinton County's operating fund balances are expected to decrease from \$7.4 million to approximately \$5 million by the close of FY04.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and customers with a general overview of Clinton County's finances and to show the county's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Clinton County Budget Director, Mrs. Jeannine Clark, Clinton County Administration Building, 1900 North Third Street, Clinton, Iowa 52733-2957.

Clinton County

Exhibit A

Clinton County
Statement of Net Assets
June 30, 2003

	Governmental Activities	Busines Type Activities	Total
Assets			
Cash and pooled investments	\$ 8,137,435	23,497	8,160,932
Receivables:			
Property tax:			
Delinquent	55,542	-	55,542
Succeeding year	9,945,000	-	9,945,000
Interest and penalty on property tax	123,689	-	123,689
Accounts	17,947	6,766	24,713
Accrued interest	4,369	-	4,369
Drainage assessments:			
Current	6,912	-	6,912
Future	8,594	-	8,594
Due from other governments	1,227,234	-	1,227,234
Inventories	245,968	-	245,968
Capital assets (net of accumulated depreciation)	14,450,259	207,587	14,657,846
Total assets	34,222,949	237,850	34,460,799
Liabilities			
Accounts payable	845,118	7,266	852,384
Salaries and benefits payable	200,186	1,855	202,041
Due to other governments	352,717	1,228	353,945
Deferred revenue:			
Succeeding year property tax	9,945,000	-	9,945,000
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	329,913	5,930	335,843
Portion due or payable after one year:			
Drainage warrants/drainage improvement certificates	29,097	-	29,097
Compensation absences	97,293	-	97,293
Total liabilities	11,799,324	16,279	11,815,603

Clinton County
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business Type Activities	Total
Net Assets			
Invested in capital assets, net of related debt	14,450,259	207,587	14,657,846
Restricted for:			
Mental health purposes	1,178,231	-	1,178,231
Secondary roads purposes	3,217,798	-	3,217,798
Resource enhancement and protection	7,733	-	7,733
Vietnam Veterans Memorial	5,000	-	5,000
Unrestricted	3,564,604	13,984	3,578,588
Total net assets	\$ 22,423,625	221,571	22,645,196

See notes to financial statements.

Clinton County
Statement of Activities
Year ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety and legal services	\$ 5,121,467	339,462	721,052	-
Physical health and social services	1,328,301	65,529	448,158	-
Mental health	6,082,633	66,690	3,318,037	-
County environment and education	1,209,822	46,336	75,376	25,776
Roads and transportation	4,603,804	292,533	3,536,657	782,766
Governmental services to residents	841,205	758,312	-	-
Administration	2,391,912	-	1,365	-
Non-program	349,948	226,284	72,216	-
Total governmental activities	21,929,092	1,795,146	8,172,861	808,542
Business Type Activities:				
Rock Creek Marina	142,089	111,436	20,000	19,211
Total	\$ 22,071,181	1,906,582	8,192,861	827,753

General Revenues:

Property and other county tax levied for general purposes
Penalty and interest on property tax
State tax credits
Local option sales and services tax
Unrestricted investment earnings
Loss on disposal of capital assets
Miscellaneous

Total general revenues

Change in net assets

Net assets beginning of year, as restated (note 12)

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activities	Total
(4,060,953)	-	(4,060,953)
(814,614)	-	(814,614)
(2,697,906)	-	(2,697,906)
(1,062,334)	-	(1,062,334)
8,152	-	8,152
(82,893)	-	(82,893)
(2,390,547)	-	(2,390,547)
(51,448)	-	(51,448)
(11,152,543)	-	(11,152,543)
-	8,558	8,558
(11,152,543)	8,558	(11,143,985)
8,868,041	-	8,868,041
83,473	-	83,473
1,156,081	-	1,156,081
1,130,265	-	1,130,265
266,841	188	267,029
(71,807)	-	(71,807)
161,220	-	161,220
11,594,114	188	11,594,302
441,571	8,746	450,317
21,982,054	212,825	22,194,879
\$ 22,423,625	221,571	22,645,196

Clinton County
Balance Sheet
Governmental Funds

June 30, 2003

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
Assets				
Cash and pooled investments	\$ 2,983,342	1,700,618	360,428	2,375,470
Receivables:				
Property tax:				
Delinquent	33,509	17,788	4,245	-
Succeeding year	6,187,000	2,859,000	899,000	-
Interest and penalty on property tax	123,689	-	-	-
Accounts	13,870	14	-	108
Accrued interest	4,351	-	-	-
Drainage assessments:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Due from other funds	1,529	-	-	14,722
Due from other governments	266,072	56,357	-	904,805
Inventories	-	-	-	245,968
Total assets	\$ 9,613,362	4,633,777	1,263,673	3,541,073
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 110,393	255,953	27,601	235,315
Salaries and benefits payable	128,530	18,475	2,728	50,453
Due to other funds	7,428	1,529	12,903	-
Due to other governments	26,472	321,911	-	4,334
Deferred revenue:				
Succeeding year property tax	6,187,000	2,859,000	899,000	-
Other	150,522	16,431	3,794	560,667
Total liabilities	6,610,345	3,473,299	946,026	850,769
Fund balances:				
Reserved for:				
Inventories	-	-	-	245,968
Drainage warrants/drainage improvement certificates	-	-	-	-
Vietnam Veterans Memorial	-	-	-	-
Unreserved:				
Designated for UST clean-up	1,000,000	-	-	-
Undesignated, reported in:				
General fund	2,003,017	-	-	-
Special revenue funds	-	1,160,478	317,647	2,444,336
Total fund balances	3,003,017	1,160,478	317,647	2,690,304
Total liabilities and fund balances	\$ 9,613,362	4,633,777	1,263,673	3,541,073

See notes to financial statements.

Nonmajor	Total
261,434	7,681,292
-	55,542
-	9,945,000
-	123,689
3,955	17,947
18	4,369
6,912	6,912
8,594	8,594
5,609	21,860
-	1,227,234
-	245,968
286,522	19,338,407

9,653	638,915
-	200,186
-	21,860
-	352,717
-	9,945,000
12,266	743,680
21,919	11,902,358

-	245,968
15,863	15,863
5,000	5,000
-	1,000,000
-	2,003,017
243,740	4,166,201
264,603	7,436,049
286,522	19,338,407

Clinton County

Clinton County

Reconciliation of the Balance Sheet-
Governmental Funds to the Statement of Net Assets

June 30, 2003

Total governmental fund balances (page 19) \$ 7,436,049

***Amounts reported for governmental activities in the Statement of Net Assets
are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$19,541,377 and the accumulated depreciation is \$5,091,118. 14,450,259

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 743,680

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets. 249,940

Long-term liabilities, including drainage warrants/drainage improvement certificates payable and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds. (456,303)

Net assets of governmental activities (page 15) \$ 22,423,625

See notes to financial statements.

Clinton County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2003

	Special Revenue			
	General	Mental Health	Rural Services	Secondary Roads
Revenues:				
Property and other county tax	\$ 5,681,092	2,710,575	819,892	712,067
Interest and penalty on property tax	126,934	-	-	-
Intergovernmental	2,113,731	3,620,509	137,440	3,273,911
Licenses and permits	58,159	-	-	2,495
Charges for service	944,400	66,690	-	125
Use of money and property	362,880	-	-	-
Miscellaneous	69,716	14	196	9,965
Total revenues	9,356,912	6,397,788	957,528	3,998,563
Expenditures:				
Operating:				
Public safety and legal services	5,172,920	-	-	-
Physical health and social services	1,341,749	-	-	-
Mental health	-	6,122,126	-	-
County environment and education	820,897	-	300,078	-
Roads and transportation	-	-	-	4,659,504
Governmental services to residents	824,379	-	-	-
Administration	2,366,904	-	-	-
Non-program	-	-	-	-
Debt service	-	-	-	-
Capital projects	1,457,076	-	-	399,537
Total expenditures	11,983,925	6,122,126	300,078	5,059,041
Excess (deficiency) of revenues over (under) expenditures	(2,627,013)	275,662	657,450	(1,060,478)
Other financing sources (uses):				
Sale of capital assets	20,022	-	-	-
Drainage warrants issued	-	-	-	-
Operating transfers in	-	-	-	722,880
Operating transfers out	(237,021)	-	(627,450)	-
Total other financing sources (uses)	(216,999)	-	(627,450)	722,880
Net change in fund balances	(2,844,012)	275,662	30,000	(337,598)
Fund balances beginning of year, as restated (note 12)	5,847,029	884,816	287,647	3,066,655
Decrease in reserve for inventories	-	-	-	(38,753)
Fund balances end of year	\$ 3,003,017	1,160,478	317,647	2,690,304

See notes to financial statements.

Nonmajor	Total
-	9,923,626
-	126,934
77,908	9,223,499
-	60,654
37,463	1,048,678
13,457	376,337
55,302	135,193
184,130	20,894,921
25,441	5,198,361
-	1,341,749
-	6,122,126
47,192	1,168,167
-	4,659,504
1,315	825,694
1,477	2,368,381
74,304	74,304
4,739	4,739
63,895	1,920,508
218,363	23,683,533
(34,233)	(2,788,612)
-	20,022
30,750	30,750
141,591	864,471
-	(864,471)
172,341	50,772
138,108	(2,737,840)
126,495	10,212,642
-	(38,753)
264,603	7,436,049

Clinton County

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds to the Statement
of Activities

Year ended June 30, 2003

Net change in fund balances - Total governmental funds (page 23) \$ (2,737,840)***Amounts reported for governmental activities in the Statement of Activities
are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 2,542,140	
Capital assets contributed by the Iowa Department of Transportation	782,766	
Depreciation expense	<u>(562,268)</u>	2,762,638

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.

(195,622)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	(31,448)	
Other	<u>566,087</u>	534,639

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year issues exceeded repayments, as follows:

Issued	(30,750)	
Repaid	<u>4,739</u>	(26,011)

Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(60,841)

Inventories in the governmental funds have been recorded as expenditures when paid. However, the Statement of Activities will report these items as expenses in the period the corresponding net asset is exhausted.

(38,753)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

203,361**Change in net assets of governmental activities (page 17)** \$ 441,571

See notes to financial statements.

Clinton County
Statement of Net Assets
Proprietary Funds

June 30, 2003

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Assets		
Cash and cash equivalents	\$ 21,394	458,246
Accounts receivable	6,766	-
Capital assets, net of accumulated depreciation	207,587	-
Total assets	235,747	458,246
Liabilities		
Accounts payable	6,314	207,155
Salaries and benefits payable	1,855	-
Due to other governments	1,228	-
Compensated absences	5,930	-
Total liabilities	15,327	207,155
Net Assets		
Invested in capital assets, net of related debt	207,587	-
Unrestricted	12,833	251,091
Total net assets	220,420	251,091
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	1,151	
Net assets of business type activities	\$ 221,571	

See notes to financial statements.

Clinton County
Statement of Revenues, Expenses, and Changes
in Fund Net Assets
Proprietary Funds

Year ended June 30, 2003

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds	\$ -	1,678,320
Reimbursements from employees and others	-	101,113
Stop loss insurance recoveries	-	61,058
Camping fees	57,463	-
Boat rental fees	6,886	-
Other recreation fees	11,899	-
Concession fees	29,101	-
Miscellaneous	6,087	4,625
Total operating revenues	<u>111,436</u>	<u>1,845,116</u>
Operating expenses:		
Administration fees	-	289,961
Medical and health services	-	1,356,913
Salaries	53,251	-
Employee benefits	15,957	-
Supplies	22,362	-
Utilities	13,466	-
Repair and improvements	4,045	-
Depreciation	24,912	-
Miscellaneous	9,005	-
Total operating expenses	<u>142,998</u>	<u>1,646,874</u>
Operating income (loss)	(31,562)	198,242
Non-operating revenues:		
Investment income	161	6,055
Income before capital grant and contributions	<u>(31,401)</u>	<u>204,297</u>
Capital grant	19,211	-
Operating contributions from Clinton County	20,000	-
Total capital grant and contributions	<u>39,211</u>	<u>-</u>
Change in net assets	7,810	204,297
Net assets beginning of year, as restated	<u>212,610</u>	<u>46,794</u>
Net assets end of year	220,420	<u><u>251,091</u></u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to the Enterprise Fund	1,151	
Net assets of business type activities	<u><u>\$ 221,571</u></u>	

See notes to financial statements.

Clinton County
Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2003

	Business Type Activities	Governmental Activities
	Enterprise - Rock Creek Marina	Internal Service - Employee Group Health
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ -	1,678,320
Cash received from employees and others	-	101,113
Cash received from stop loss insurance recoveries	-	61,058
Cash received from camping fees	54,316	-
Cash received from boat rental fees	6,022	-
Cash received from other recreation fees	11,839	-
Cash received from concession fees	27,224	-
Cash received from miscellaneous operations	5,269	6,024
Cash payments for administration fees	-	(289,960)
Cash payments to employees for services	(52,324)	-
Cash payments to suppliers for services	(62,888)	(1,358,117)
Net cash provided (used) by operating activities	(10,542)	198,438
Cash flows from non-capital financing activities:		
Operating contributions from Clinton County	20,000	-
Cash flows from investing activities:		
Interest on investments	161	6,055
Net increase in cash and cash equivalents	9,619	204,493
Cash and cash equivalents beginning of year	11,775	253,753
Cash and cash equivalents end of year	\$ 21,394	458,246
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (31,562)	198,242
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	24,912	-
Changes in asset and liabilities:		
(Increase) decrease in accounts receivable	(6,766)	1,400
Increase in due to other governments	457	-
Increase (decrease) in accounts payable	1,240	(1,204)
Increase in salaries and benefits payable	368	-
Increase in compensated absences	809	-
Net cash provided (used) by operating activities	\$ (10,542)	198,438

See notes to financial statements.

Clinton County
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2003

Assets

Cash and pooled investments:

County Treasurer	\$ 3,605,796
Other County officials	45,485

Receivables:

Property tax:

Delinquent	246,143
Succeeding year	39,515,000

Accounts	53,617
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Drainage assessments:

Delinquent	9,301
Succeeding year	34,715

Special assessments:

Delinquent	524,396
Succeeding year	195,000

Total assets	<u>44,229,453</u>
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Liabilities

Accounts payable	36,991
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Salaries and benefits payable	9,402
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Due to other governments	44,081,663
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Trusts payable	22,332
----------------	--------

Compensated absences	28,783
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Stamped drainage warrant payable	50,282
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Total liabilities	<u>44,229,453</u>
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Net assets

\$ -

See notes to financial statements.

Clinton County
Notes to Financial Statements
June 30, 2003

(1) Summary of Significant Accounting Policies

Clinton County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clinton County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Clinton County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Seventeen drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Clinton County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. The financial transactions of these districts are reported as Agency Funds. Financial information of the individual drainage districts can be obtained from the Clinton County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Clinton County Assessor's Conference Board, Clinton County Emergency Management Commission and Clinton County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: County Case Management Services, Clinton County Communications Commission and the Clinton County Area Solid Waste Agency.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributed to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

Additionally, the County reports the following proprietary funds:

An Enterprise Fund is utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund is charges to customers for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents.

Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable – Special assessments receivable represent the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than 10, nor more than 20, annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected.

Drainage Assessments Receivable – Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than 10, nor more than 20, annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates they are not available to liquidate current obligations.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	10 – 50
Building improvements	20 – 50
Infrastructure	30 – 50
Equipment	2 – 30
Vehicles	3 – 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not

collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Unreserved Retained Earnings – The unreserved retained earnings of the Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2003, disbursements exceeded the amount budgeted in the non-program function and disbursements in certain departments exceeded the amounts appropriated.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. The County's investments are all Category 1, which means the investments are insured or registered or the securities are held by the County or its agent in the County's name.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2003 are as follows:

Type	Fair Value
Drainage district stamped warrants	<u>\$ 79,379</u>

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2003 is as follows:

Receivable Fund	Payable Fund	Amount
General	Special Revenue: Mental Health	\$ 1,529
Special Revenue: Secondary Roads	Rural Services	12,903
Special Revenue: Secondary Roads	General	1,819
Conservation Land Acquisition	General	<u>5,609</u>
Total		<u>\$ 21,860</u>

These balances resulted from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2003 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 95,430
	Special Revenue:	
	Rural Services	627,450
Conservation Land		
Acquisition	General	37,169
Public Safety Special	General	12,996
Communications Special	General	91,426
Total		<u>\$ 864,471</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Governmental activities capital assets activity for the year ended June 30, 2003 was as follows:

	Balance Beginning of Year (as restated, note 12)	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 746,133	-	-	746,133
Construction in progress	4,014,921	2,239,842	-	6,254,763
Total capital assets not being depreciated	<u>4,761,054</u>	<u>2,239,842</u>	<u>-</u>	<u>7,000,896</u>
Capital assets being depreciated:				
Buildings	4,993,407	-	-	4,993,407
Equipment and vehicles	7,030,683	948,760	(568,673)	7,410,770
Infrastructure	-	136,304	-	136,304
Total capital assets being depreciated	<u>12,024,090</u>	<u>1,085,064</u>	<u>(568,673)</u>	<u>12,540,481</u>
Less accumulated depreciation for:				
Buildings	2,399,346	54,090	-	2,453,436
Equipment and vehicles	2,502,555	508,178	(373,051)	2,637,682
Total accumulated depreciation	<u>4,901,901</u>	<u>562,268</u>	<u>(373,051)</u>	<u>5,091,118</u>
Total capital assets being depreciated, net	<u>7,122,189</u>	<u>522,796</u>	<u>(195,622)</u>	<u>7,449,363</u>
Governmental activities capital assets, net	<u>\$ 11,883,243</u>	<u>2,762,638</u>	<u>(195,622)</u>	<u>14,450,259</u>

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 112,011
Physical health and social services	6,885
Mental health	7,690
County environment and education	50,240
Roads and transportation	242,643
Governmental services to residents	23,085
Administration	38,305
Non-program	81,409

Total depreciation expense - governmental activities	<u>\$ 562,268</u>
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As permitted by U.S. generally accepted accounting principles, the County will add prior year infrastructure during the next four years.

Business type activities capital assets activity for the year ended June 30, 2003 was as follows:

	Balance Beginning of Year (as restated, note 12)	Increases	Decreases	Balance End of Year
Business type activities:				
Buildings	\$ 183,760	-	-	183,760
Equipment	81,200	-	-	81,200
Infrastructure	40,000	19,211	-	59,211
Total capital assets	<u>304,960</u>	<u>19,211</u>	<u>-</u>	<u>324,171</u>
Less accumulated depreciation for:				
Buildings	35,752	7,617	-	43,369
Equipment	40,920	12,707	-	53,627
Infrastructure, road network	15,000	4,588	-	19,588
Total accumulated depreciation	<u>91,672</u>	<u>24,912</u>	<u>-</u>	<u>116,584</u>
Business type activities capital assets, net	<u>\$ 213,288</u>	<u>\$ (5,701)</u>	<u>\$ -</u>	<u>\$ 207,587</u>
Total depreciation expense - business type activities				<u>\$ 24,912</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	\$ 26,472
Special Revenue:		
Mental Health	Services	321,911
Secondary Roads	Services	4,334
		<u>326,245</u>
Total for governmental funds		<u>\$ 352,717</u>
Agency:		
County Assessor	Collections	\$ 1,028,893
City Assessor		1,070,924
Schools		23,223,432
Community Colleges		979,747
Corporations		15,102,515
Auto License and Use Tax		796,309
All other		<u>1,879,843</u>
Total for agency funds		<u>\$ 44,081,663</u>

(7) Changes in Long-Term Liabilities

A summary of changes in governmental activities long-term liabilities for the year ended June 30, 2003 is as follows:

	Drainage Warrants/ Improvement Certificates	Compen- sated Absences	Total
Balance beginning of year, as restated (note 12)	\$ 3,086	366,365	369,451
Increases	30,750	587,852	618,602
Decreases	4,739	527,011	531,750
Balance end of year	<u>\$ 29,097</u>	<u>427,206</u>	<u>456,303</u>
Due within one year	<u>\$ -</u>	<u>329,913</u>	<u>329,913</u>

A summary of changes in business type activities long-term liabilities for the year ended June 30, 2003 is as follows:

	Compen- sated Absences
Balance beginning of year, as restated (note 12)	\$ 5,121
Increases	5,611
Decreases	<u>4,802</u>
Balance end of year	<u>\$ 5,930</u>
Due within one year	<u>\$ 5,930</u>

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment, plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(8) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll, except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002 and 2001 were \$463,192, \$438,057 and \$407,682, respectively, equal to the required contributions for each year.

(9) Risk Management

Clinton County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property and inland marine. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2003 were \$186,655.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also reinsured on an individual member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Employee Health Insurance Plan

The Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Gallagher Bassett Services, Inc. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$40,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Gallagher Bassett Services, Inc. from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Health Group Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2003 was \$1,678,320.

Amounts payable from the Employee Group Health Fund at June 30, 2003 totaled \$207,155, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$251,091 at June 30, 2003 and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2002	\$ 208,359
Incurred claims (including claims incurred but not reported at June 30, 2003)	1,355,709
Payments on claims during the year	<u>1,356,913</u>
Unpaid claims at June 30, 2003	<u>\$ 207,155</u>

(11) Deficit Fund Balance

The Miscellaneous Grants Fund had a deficit balance of \$593 at June 30, 2003. The County is investigating alternatives to eliminate this deficit.

(12) Accounting Change and Restatements

Governmental Accounting Standards Board Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, was implemented for the year ended June 30, 2003. The interpretation modifies when compensated absence liabilities are recorded under the modified accrual basis of accounting.

The beginning balance of the Drainage Districts Fund has been restated to include the effects of stamped warrants of \$15,656 issued in a prior year that were not previously reported and to reclassify Drainage District #9 as an Agency Fund since it now has its own trustees. These adjustments increased cash by \$9,672, increased succeeding year drainage assessments receivable by \$3,599, decreased accounts payable by \$5,984, increased deferred revenue by \$3,599 and increased fund balance by \$15,656.

Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Statement No. 41, Budgetary Comparison Schedule – Perspective Differences, were implemented for year ended June 30, 2003. The statements create new basic financial statements for reporting the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor governmental funds are presented in total in one column.

Beginning net assets for governmental activities have been restated to include capital assets, the Internal Service Fund and the changes in assets and liabilities at July 1, 2002 resulting from the conversion to the accrual basis of accounting. The Vietnam Veterans Trust Fund, previously a Non-expendable Trust Fund, was reclassified as a Permanent Fund.

Beginning capital assets for governmental activities of \$19,632,202 were reduced to \$16,785,144 as a result of removing assets below the County's new capitalization thresholds.

In addition, prior year long-term compensated absences was reduced by \$50,183 to correct an error in compensated absences at June 30, 2002. The change in long-term liabilities was also adjusted to reflect \$3,086 in drainage warrants payable that should have been shown in the prior year general long-term debt account group.

The effects of the accounting change and other restatements for governmental activities are summarized below:

	<u>Total</u>
Governmental Activities:	
Net assets, June 30, 2002, as previously reported	\$ 10,081,181
GASB Interpretation 6 adjustments	115,805
Restatement of Drainage Districts Fund balance	15,656
Net assets, July 1, 2002, as restated for governmental funds	<u>10,212,642</u>
GASB 34 adjustments:	
Capital assets, net of accumulated depreciation of \$4,901,901	11,883,243
Internal service fund	46,579
Change in long-term liabilities	(369,451)
Change in deferral of long-term assets	<u>209,041</u>
Net assets, July 1, 2002, as restated	<u><u>\$ 21,982,054</u></u>

The beginning net assets of the Enterprise, Rock Creek Marina Fund have been restated for the new capitalization thresholds adopted by the County. An adjustment was also made to correct compensated absences reported in the prior year.

The effects of the accounting change and other restatements for business type activities are summarized below:

	<u>Total</u>
Business Type Activities:	
Net assets June 30, 2002, as previously reported	\$ 295,980
Deletion of capital assets below new capitalization thresholds	(78,995)
Compensated absences adjustment	<u>(4,375)</u>
Net assets July 1, 2002, as restated	212,610
GASB 34 adjustment for Internal Service Fund	<u>215</u>
Net assets July 1, 2002, as restated	<u><u>\$ 212,825</u></u>

Clinton County

Required Supplementary Information

Clinton County

Budgetary Comparison Schedule of
Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2003

	Governmental Funds Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 9,950,884	-
Interest and penalty on property tax	131,799	-
Intergovernmental	9,203,762	-
Licenses and permits	60,654	-
Charges for service	1,138,635	-
Use of money and property	376,268	184
Miscellaneous	418,469	21,914
Total receipts	21,280,471	22,098
Disbursements:		
Public safety and legal services	5,218,657	-
Physical health and social services	1,408,755	-
Mental health	6,317,195	-
County environment and education	1,078,668	16,342
Roads and transportation	4,673,385	-
Governmental services to residents	822,818	-
Administration	2,371,348	-
Non-program	81,371	-
Capital projects	1,975,311	-
Total disbursements	23,947,508	16,342
Excess (deficiency) of receipts over (under) disbursements	(2,667,037)	5,756
Other financing sources, net	13,522	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,653,515)	5,756
Balance beginning of year	10,334,807	24,153
Balance end of year	\$ 7,681,292	29,909

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
9,950,884	9,876,627	9,876,627	74,257
131,799	105,200	105,200	26,599
9,203,762	8,003,145	8,471,591	732,171
60,654	434,752	434,752	(374,098)
1,138,635	711,830	711,830	426,805
376,084	653,802	653,802	(277,718)
396,555	58,503	58,503	338,052
21,258,373	19,843,859	20,312,305	946,068
5,218,657	5,306,207	5,585,129	366,472
1,408,755	1,478,397	1,486,797	78,042
6,317,195	6,492,537	6,492,537	175,342
1,062,326	1,215,425	1,261,990	199,664
4,673,385	4,653,400	4,863,005	189,620
822,818	868,724	893,724	70,906
2,371,348	2,565,696	2,666,696	295,348
81,371	-	40,000	(41,371)
1,975,311	1,200,277	1,980,058	4,747
23,931,166	23,780,663	25,269,936	1,338,770
(2,672,793)	(3,936,804)	(4,957,631)	2,284,838
13,522	15,000	21,500	(7,978)
(2,659,271)	(3,921,804)	(4,936,131)	2,276,860
10,310,654	8,033,225	10,274,248	36,406
7,651,383	4,111,421	5,338,117	2,313,266

Clinton County
 Budgetary Comparison Schedule - Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2003

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 21,280,471	(385,550)	20,894,921
Expenditures	23,947,508	(263,975)	23,683,533
Net	(2,667,037)	(121,575)	(2,788,612)
Other financing sources	13,522	37,250	50,772
Beginning fund balances	10,334,807	(122,165)	10,212,642
Decrease in reserve for inventories	-	(38,753)	(38,753)
Ending fund balances	\$ 7,681,292	(245,243)	7,436,049

See accompanying independent auditor's report.

Clinton County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2003

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Enterprise Funds, Internal Service Funds and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Permanent Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, budget amendments increased budgeted disbursements by \$1,489,273. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Disbursements during the year ended June 30, 2003 exceeded the amount budgeted in the non-program function and disbursements in certain departments exceeded the amounts appropriated.

Clinton County

Other Supplementary Information

Clinton County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2003

	Enhancement and Protection	Recorder's Records Management
Assets		
Cash and pooled investments	\$ 7,733	38,604
Receivables:		
Accounts	-	-
Accrued interest	-	-
Drainage assessments:		
Delinquent	-	-
Succeeding year	-	-
Due from other funds	-	-
Total assets	\$ 7,733	38,604
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ -	-
Deferred revenue:		
Other	-	-
Total liabilities	-	-
Fund equity:		
Fund balances:		
Reserved for:		
Drainage warrants/drainage improvement certificates	-	-
Vietnam Veterans Memorial	-	-
Unreserved	7,733	38,604
Total fund equity	7,733	38,604
Total liabilities and fund equity	\$ 7,733	38,604

Special Revenue					
Public Safety Special	Commissary	Seized Property	Juvenile Intervention	Communications Special	Miscellaneous Grants
11,064	21,696	15,331	2,264	101,441	2,161
-	543	-	-	-	3,172
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,064	22,239	15,331	2,264	101,441	5,333
-	226	-	-	1,450	5,926
-	-	-	-	-	-
-	226	-	-	1,450	5,926
-	-	-	-	-	-
-	-	-	-	-	-
11,064	22,013	15,331	2,264	99,991	(593)
11,064	22,013	15,331	2,264	99,991	(593)
11,064	22,239	15,331	2,264	101,441	5,333

Clinton County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2003

	Special Revenue	
	Conservation	
	Drainage	Land
	Districts	Acquisition
Assets		
Cash and pooled investments	29,909	16,019
Receivables:		
Accounts	-	240
Accrued interest	-	-
Drainage assessments:		
Delinquent	6,912	-
Succeeding year	8,594	-
Due from other funds	-	5,609
Total assets	45,415	21,868
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	-	2,051
Deferred revenue:		
Other	12,266	-
Total liabilities	12,266	2,051
Fund equity:		
Fund balances:		
Reserved for:		
Drainage warrants/drainage improvement certificates	15,863	-
Vietnam Veterans Memorial	-	-
Unreserved	17,286	19,817
Total fund equity	33,149	19,817
Total liabilities and fund equity	45,415	21,868

See accompanying independent auditor's report.

Permanent		
Vietnam		
Veterans Memorial	Veterans Trust	Total
5,000	10,212	261,434
-	-	3,955
-	18	18
-	-	6,912
-	-	8,594
-	-	5,609
5,000	10,230	286,522
-	-	9,653
-	-	12,266
-	-	21,919
-	-	15,863
-	5,000	5,000
5,000	5,230	243,740
5,000	10,230	264,603
5,000	10,230	286,522

Clinton County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2003

	Resource Enhancement and Protection	County Recorder's Records Management
Revenues:		
Intergovernmental	\$ 386	-
Charges for service	-	14,491
Use of money and property	87	268
Miscellaneous	-	-
Total revenues	473	14,759
Expenditures:		
Operating:		
Public safety and legal services	-	-
County environment and education	4,838	-
Governmental services to residents	-	1,315
Administration	-	-
Non-program	-	-
Debt service	-	-
Capital projects	-	-
Total expenditures	4,838	1,315
Excess (deficiency) of revenues over (under) expenditures	(4,365)	13,444
Other financing sources:		
Operating transfers in	-	-
Drainage warrant/drainage improvement certificate proceeds	-	-
Total other financing sources	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(4,365)	13,444
Fund balances beginning of year, as restated (note 12)	12,098	25,160
Fund balances end of year	\$ 7,733	38,604

Special Revenue						
Public Safety Special	Commissary	Seized Property	Juvenile Intervention	Communications Special	Miscellaneous Grants	
-	-	-	3,755	-	72,216	-
12,957	-	-	-	10,015	-	-
-	12,656	-	-	-	-	-
-	-	3,331	-	-	1,227	-
12,957	12,656	3,331	3,755	10,015	73,443	-
14,889	5,681	1,930	1,491	1,450	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	74,304	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
14,889	5,681	1,930	1,491	1,450	74,304	-
(1,932)	6,975	1,401	2,264	8,565	(861)	-
12,996	-	-	-	91,426	-	-
-	-	-	-	-	-	-
12,996	-	-	-	91,426	-	-
11,064	6,975	1,401	2,264	99,991	(861)	-
-	15,038	13,930	-	-	268	-
11,064	22,013	15,331	2,264	99,991	(593)	-

Clinton County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2003

	Special	
	Drainage Districts	Conservation Land Acquisition
Revenues:		
Intergovernmental	-	1,551
Charges for service	-	-
Use of money and property	185	-
Miscellaneous	25,154	24,225
Total revenues	25,339	25,776
Expenditures:		
Operating:		
Public safety and legal services	-	-
County environment and education services	42,354	-
Governmental services to residents	-	-
Administration	-	-
Non-program	-	-
Debt service	4,739	-
Capital projects	-	63,895
Total expenditures	47,093	63,895
Excess (deficiency) of revenues over (under) expenditures	(21,754)	(38,119)
Other financing sources:		
Operating transfers in	-	37,169
Drainage warrant/drainage improvement certificate proceeds	30,750	-
Total other financing sources	30,750	37,169
Excess (deficiency) of revenues and other financing sources over (under) expenditures	8,996	(950)
Fund balances beginning of year, as restated (note 12)	24,153	20,767
Fund balances end of year	33,149	19,817

See accompanying independent auditor's report.

Revenue	Permanent	
Veterans Memorial	Vietnam Veterans Trust	Total
-	-	77,908
-	-	37,463
-	261	13,457
1,365	-	55,302
1,365	261	184,130
-	-	25,441
-	-	47,192
-	-	1,315
1,365	112	1,477
-	-	74,304
-	-	4,739
-	-	63,895
1,365	112	218,363
-	149	(34,233)
-	-	141,591
-	-	30,750
-	-	172,341
-	149	138,108
5,000	10,081	126,495
5,000	10,230	264,603

Clinton County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2003

	County Offices		Agricultural
	County	County	Extension
	Recorder	Sheriff	Education
Assets			
Cash and pooled investments:			
County Treasurer	\$ -	-	2,009
Other County officials	23,369	22,116	-
Receivables:			
Property tax:			
Delinquent	-	-	697
Succeeding year	-	-	112,000
Accounts	4,332	-	-
Drainage assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Special assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Total assets	\$ 27,701	22,116	114,706
Liabilities			
Accounts payable	\$ -	-	-
Salaries and benefits payable	-	-	-
Due to other governments	27,701	-	114,706
Trusts payable	-	22,116	-
Compensated absences	-	-	-
Stamped drainage warrants payable	-	-	-
Total liabilities	\$ 27,701	22,116	114,706

County Assessor	City Assessor	Schools	Community Colleges	Corpor- ations	Townships	Auto License and Use Tax
737,901	752,602	402,611	16,888	237,587	6,833	796,309
-	-	-	-	-	-	-
1,252	2,855	142,821	5,859	90,928	1,694	-
302,000	323,000	22,678,000	957,000	14,774,000	363,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,041,153	1,078,457	23,223,432	979,747	15,102,515	371,527	796,309
-	-	-	-	-	-	-
3,878	3,379	-	-	-	-	-
1,028,893	1,070,924	23,223,432	979,747	15,102,515	371,527	796,309
-	-	-	-	-	-	-
8,382	4,154	-	-	-	-	-
-	-	-	-	-	-	-
1,041,153	1,078,457	23,223,432	979,747	15,102,515	371,527	796,309

Clinton County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2003

	Brucellosis and Tuberculosis Eradication	Iowa Empowerment	Drainage Districts
Assets			
Cash and pooled investments:			
County Treasurer	108	86,756	11,637
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	37	-	-
Succeeding year	6,000	-	-
Accounts	-	-	-
Drainage assessments:			
Delinquent	-	-	9,301
Succeeding year	-	-	34,715
Special assessments:			
Delinquent	-	-	-
Succeeding year	-	-	-
Total assets	6,145	86,756	55,653
Liabilities			
Accounts payable	-	35,799	-
Salaries and benefits payable	-	-	-
Due to other governments	6,145	50,957	5,371
Trusts payable	-	-	-
Compensated absences	-	-	-
Stamped drainage warrants payable	-	-	50,282
Total liabilities	6,145	86,756	55,653

See accompanying independent auditor's report.

Emergency Management Services	Special Assessments	E911 Service Board	Advanced Tax	Payroll Clearing	Refund Warrant	Total
28,362	103,995	408,590	13,392	75	141	3,605,796
-	-	-	-	-	-	45,485
-	-	-	-	-	-	246,143
-	-	-	-	-	-	39,515,000
-	-	49,285	-	-	-	53,617
-	-	-	-	-	-	9,301
-	-	-	-	-	-	34,715
-	524,396	-	-	-	-	524,396
-	195,000	-	-	-	-	195,000
28,362	823,391	457,875	13,392	75	141	44,229,453
408	-	784	-	-	-	36,991
2,145	-	-	-	-	-	9,402
9,562	823,391	457,091	13,392	-	-	44,081,663
-	-	-	-	75	141	22,332
16,247	-	-	-	-	-	28,783
-	-	-	-	-	-	50,282
28,362	823,391	457,875	13,392	75	141	44,229,453

Clinton County

Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2003

	County Offices		Agricultural
	County	County	Extension
	Recorder	Sheriff	Education
Assets and Liabilities			
Balances beginning of year	\$ 45,437	64,596	116,517
Additions:			
Property and other County tax	-	-	104,326
E911 surcharge	-	-	-
State tax credits	-	-	11,851
State allocation	-	-	-
Office fees and collections	734,028	156,182	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	404,796	-
Miscellaneous	-	-	-
Total additions	734,028	560,978	116,177
Deductions:			
Agency remittances:			
To other funds	443,580	202,666	-
To other governments	308,184	351	117,988
Trusts paid out	-	400,441	-
Total deductions	751,764	603,458	117,988
Balances end of year	\$ 27,701	22,116	114,706

County Assessor	City Assessor	Schools	Community Colleges	Corpora- tions	Townships	Auto License and Use Tax
1,029,869	983,935	23,311,796	1,021,969	14,631,145	370,995	746,271
277,519	302,419	21,067,857	888,243	13,919,841	335,455	-
-	-	-	-	-	-	-
26,711	41,716	2,372,655	99,626	1,555,682	22,894	-
4,677	4,107	-	-	-	-	-
3,051	2,783	-	-	-	-	-
-	-	-	-	-	-	9,339,832
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	16,185	-	4,436	-	-
311,958	351,025	23,456,697	987,869	15,479,959	358,349	9,339,832
-	-	-	-	-	-	289,362
300,674	256,503	23,545,061	1,030,091	15,008,589	357,817	9,000,412
-	-	-	-	-	-	20
300,674	256,503	23,545,061	1,030,091	15,008,589	357,817	9,289,794
1,041,153	1,078,457	23,223,432	979,747	15,102,515	371,527	796,309

Clinton County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2003

	Brucellosis and Tuberculosis Eradication	Iowa Empowerment	Drainage Districts
	<hr/>		
Assets and Liabilities			
Balances beginning of year	6,171	93,461	5,303
	<hr/>		
Additions:			
Property and other County tax	5,699	-	-
E911 surcharge	-	-	-
State tax credits	636	-	-
State allocation	-	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	51,577
Trusts	-	-	-
Miscellaneous	-	325,133	52
Total additions	6,335	325,133	51,629
	<hr/>		
Deductions:			
Agency remittances:			
To other funds	-	-	-
To other governments	6,361	-	51,561
Trusts paid out	-	331,838	-
Total deductions	6,361	331,838	51,561
	<hr/>		
Balances end of year	6,145	86,756	5,371
	<hr/>		

See accompanying independent auditor's report.

Emergency Management Services	Special Assessments	E911 Service Board	Advance Tax	Payroll Clearing	Refund Warrants	Monies and Credits State Share	Total
28,252	803,913	423,137	17,162	25	-	-	43,699,954
-	-	-	-	-	-	-	36,901,359
-	-	232,379	-	-	-	-	232,379
-	-	-	-	-	-	-	4,131,771
-	-	-	-	-	-	-	8,784
-	-	-	-	-	-	-	896,044
-	-	-	-	-	-	-	9,339,832
-	370,396	-	-	-	-	-	421,973
-	-	-	-	-	-	-	404,796
148,240	-	5,629	601,482	7,901,679	7,448	7,395	9,017,679
148,240	370,396	238,008	601,482	7,901,679	7,448	7,395	61,354,617
-	-	-	-	-	-	-	935,608
148,130	350,918	203,270	605,252	-	-	7,395	51,298,557
-	-	-	-	7,901,629	7,307	-	8,641,235
148,130	350,918	203,270	605,252	7,901,629	7,307	7,395	60,875,400
28,362	823,391	457,875	13,392	75	141	-	44,179,171

Schedule 5

Clinton County

Schedule of Revenues By Source and Expenditures By Function –
All Governmental Funds

For the Last Four Years

	Modified Accrual Basis			
	2003	2002	2001	2000
Revenues:				
Property and other County tax	\$ 9,923,626	9,216,528	8,660,770	8,639,938
Interest and penalty on property tax	126,934	140,436	122,401	121,547
Intergovernmental	9,223,499	8,790,077	8,305,213	8,211,165
Licenses and permits	60,654	54,328	57,014	61,862
Charges for service	1,048,678	995,209	907,770	806,959
Use of money and property	376,337	579,883	1,215,019	1,194,768
Fines, forfeitures and defaults	-	1,542	536	682
Miscellaneous	135,193	107,772	184,306	267,861
Total	<u>\$ 20,894,921</u>	<u>19,885,775</u>	<u>19,453,029</u>	<u>19,304,782</u>
Expenditures:				
Operating:				
Public safety and legal services	\$ 5,198,361	4,962,123	4,545,327	4,086,585
Physical health and social services	1,341,749	1,313,660	1,302,684	1,333,586
Mental health	6,122,126	6,138,493	5,687,340	5,600,084
County environment and education	1,168,167	1,045,884	905,149	1,019,526
Roads and transportation	4,659,504	4,118,960	3,542,361	4,123,937
Governmental services to residents	825,694	759,371	711,638	1,175,365
Administration	2,368,381	2,225,806	2,466,712	1,870,423
Non-program	74,304	97,865	37,075	-
Debt service	4,739	-	-	-
Capital projects	1,920,508	2,195,005	2,294,561	391,019
Total	<u>\$ 23,683,533</u>	<u>22,857,167</u>	<u>21,492,847</u>	<u>19,600,525</u>

See accompanying independent auditor's report.

Clinton County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for			
Food Stamp Program	10.561		<u>28,571</u>
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Justice and Delinquency			
Prevention-Allocation to States	16.540	JJYD-S01-18	<u>3,755</u>
Governor's Office on Drug Control Policy:			
Byrne Formula Grant Program	16.579	02B-1359	30,054
Byrne Formula Grant Program	16.579	01D-1343	<u>31,513</u>
			<u>61,567</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	02-164, Task 23	5,733
State and Community Highway Safety	20.600	03-410, Task 08	<u>3,980</u>
			<u>9,713</u>
Alcohol Traffic Safety and Drunk Driving			
Prevention Incentive Grants	20.601	02-410, Task 06	4,232
Prevention Incentive Grants	20.601	03-410, Task 08	<u>7,429</u>
			<u>11,661</u>
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Public Assistance Grants	83.544	FEMA DR-1420-IA	<u>53,675</u>
Emergency Management Performance Grants	83.552		<u>30,099</u>

Schedule 6

Clinton County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2003

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expenditures
Indirect (continued):			
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Temporary Assistance for Needy Families	93.558		41,900
Refugee and Entrant Assistance - State Administered Programs	93.566		137
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		8,105
Foster Care - Title IV-E	93.658		14,354
Adoption Assistance	93.659		4,719
Medical Assistance Program	93.778		40,882
Social Services Block Grant	93.667		27,611
Social Services Block Grant	93.667		247,034
			274,645
Iowa Department of Public Health:			
Centers for Disease Control and Prevention			
Investigation and Technical Assistance	93.283	588 3 WW 08	3,553
Centers for Disease Control and Prevention			
Investigation and Technical Assistance	93.283	588 3 WW 23	4,200
Centers for Disease Control and Prevention			
Investigation and Technical Assistance	93.283	588 3 BT 25	9,717
			17,470
Cooperative Agreements for State-Based			
Comprehensive Breast and Cervical Cancer			
Early Detection Programs	93.919	588 2 NB 09	8,040
Cooperative Agreements for State-Based			
Comprehensive Breast and Cervical Cancer			
Early Detection Programs	93.919	588 3 NB 09	31,128
			39,168
Total			\$ 640,421

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Clinton County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting

To the Officials of Clinton County:

We have audited the financial statements of Clinton County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated January 22, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Clinton County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-B-03 and IV-J-03.

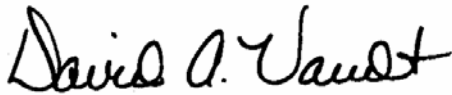
Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clinton County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Clinton County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

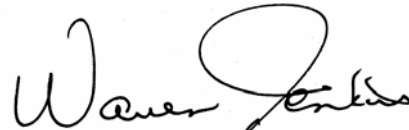
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for item II-B-03.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clinton County and other parties to whom Clinton County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clinton County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 22, 2004

**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance**

Clinton County



OFFICE OF AUDITOR OF STATE

STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance

To the Officials of Clinton County:

Compliance

We have audited the compliance of Clinton County, Iowa, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2003. Clinton County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Clinton County's management. Our responsibility is to express an opinion on Clinton County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clinton County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Clinton County's compliance with those requirements.

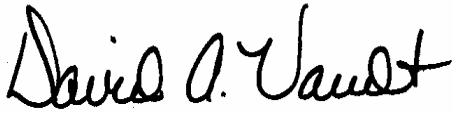
In our opinion, Clinton County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

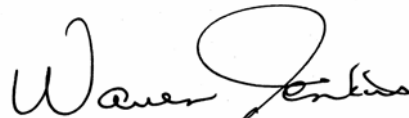
The management of Clinton County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Clinton County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clinton County and other parties to whom Clinton County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

January 22, 2004

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, none of which were considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major program was CFDA Number 93.667 – Social Services Block Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clinton County did qualify as a low-risk auditee.

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part II: Findings Related to the Financial Statements:

INSTANCE OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- II-A-03 Capital Asset Records – Detailed capital asset records are maintained. However, deletions are not always supported by properly authorized written documentation.

Recommendation – A system should be developed to provide properly authorized written documentation for deletions. Information should include appropriate details to insure the assets are properly deleted from the capital assets records.

Response – The County's present system of Capital Asset Records needs to be again activated by sending a memo to each County department head reminding them that it is a requirement of the County that a Capital Asset Record must be completed for all items purchased over \$500. This record must accompany the claim for payment to the County Auditor's office, at which time it is filed. Yearly, the County Auditor's office will determine a time line for distributing a copy of each department's record for their review, determination and notation of ownership of each departmental asset. Items on the list that were deleted throughout the year will be noted as to how, when, where and why they were disposed. Upon completion of Capital Asset Record, it will be returned to the Auditor's office for recording and filing on the master record from for each department and will be accessible for audit.

Conclusion – Response acknowledged. In addition, the County should require that an approved deletion form be submitted to the County Auditor's office prior to disposal.

- II-B-03 County Recorder – The County Recorder does not reconcile assets with liabilities each month.

Recommendation – Assets should be reconciled with liabilities at the end of each month.

Response – An effort will be made to reconcile assets to liabilities at the end of each month.

Conclusion – Response accepted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

- II-C-03 Rock Creek Marina Change Fund – The dollar amount retained in the Rock Creek Marina cash register for the next day's change varied from day to day.

Recommendation – The amount maintained in the cash register for change should be consistent from day to day. The Conservation Office should establish a specific amount for the change fund.

Response – The Conservation Office will establish a specific amount for bills to be retained for the cash drawer at the Rock Creek Marina each day; however, the coins may change from day to day. On occasions, such as holidays, a larger dollar amount may be retained to handle the extra business.

Conclusion – Response acknowledged. The amount of the change fund should remain consistent except for days when management authorizes an additional amount.

- II-D-03 Timely Reconciliation and Deposit of Collections – Collections from the Rock Creek Marina between August 12 and August 18, 2002 were not deposited by the Conservation Office until September 20, 2002. Also, proceeds from the sale of equipment and a rental fee for farm land received in mid October 2002 were not deposited until mid November 2002.

Recommendation – Collections should be reconciled and deposited in the bank in a timely manner.

Response – The Conservation Office will make every effort to deposit all proceeds within one (1) week of their receipt at the Grand Mound office.

Conclusion – Response accepted.

Clinton County
Schedule of Findings and Questioned Costs
Year ended June 30, 2003

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over the major program were noted.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-03 Official Depositories – A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.

IV-B-03 Certified Budget – Disbursements during the year ended June 30, 2003 exceeded the amount budgeted in the non-program function. Disbursements in certain departments exceeded the amounts appropriated.

An amendment passed in May of 2003 was considered invalid because it did not use the new chart of accounts.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

The County should ensure future amendments are prepared to achieve the intended action.

Response – Clinton County will not allow disbursements to exceed appropriations and will make a sincere effort to amend the budget before disbursements exceed amounts budgeted.

Conclusion – Response accepted.

IV-C-03 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-03 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-03 Business Transactions – No business transactions between the County and County officials or employees were noted.

IV-F-03 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-G-03 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

Clinton County

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

IV-H-03 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-I-03 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-J-03 Code of Ordinances – The County has not compiled a code of ordinances containing all of the County ordinances in effect as required by Chapter 331.302(9) of the Code of Iowa.

Recommendation – The County should compile a code of ordinances containing all of the County ordinances in effect as required by Chapter 331.302(9) of the Code of Iowa.

Response – Proposed ordinances have been received from ECIA, by the County Auditor, who must review them and send back to ECIA and then a final copy will need to be sent out for publication.

Conclusion – Response accepted.

IV-K-03 County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2003 for the County Extension Office did not exceed the amount budgeted.

IV-L-03 Deficit Fund Balance – The Miscellaneous Grants Fund had a deficit balance of \$593 at June 30, 2003. This appears to violate Chapter 331.476 of the Code of Iowa.

Recommendation – Claims should not be approved for payment when funds are not available unless the debt is authorized by resolution of the Board of Supervisors and takes the form of anticipatory warrants, loans from other County funds or other formal short-term debt instruments or obligations in accordance with Chapter 331.478 of the Code of Iowa.

Response – Clinton County will be more vigilant in the future and will be certain this does not occur again in the future.

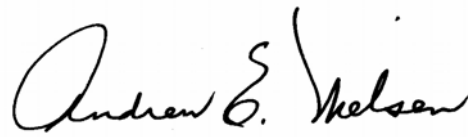
Conclusion – Response accepted.

Clinton County

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager
Brian R. Brustkern, CPA, Senior Auditor II
Ted M. Wiegand, CPA, Senior Auditor
Beth A. Wichtendahl, CPA, Staff Auditor
Heather B. Allen, Staff Auditor
Don N. Miksch, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and a distinct 'E'.

Andrew E. Nielsen, CPA
Deputy Auditor of State